

Item 5: Request to Waive a Portion of the Council Policy for Certain Mills Act Applicants

Land Use and Housing Committee
January 12, 2011



Introduction

- Mills Act was enacted in 1972
 - Restoration and maintenance of historic properties
 - Reduction in property taxes
- Adopted Council Policy 700-46 in 1995
 - Monetary incentive for maintenance, restoration and rehabilitation of historic properties
- Mills Act Program modified by City Council in December 2008
 - Improve accountability of the overall program
 - Understand and manage the fiscal impacts of the program on an annual basis

Changes to City's Mills Act Program

- Investment of tax savings through 10-year work plan
- Formal inspection/monitoring of Mills Act properties and agreements by City
- Fiscal threshold of \$200,000 new tax revenue reduction to the general fund annually
- Application deadline of March 31 each year
 - Property must have been designated prior to December 31st of the previous year
- Cost recovery fees

Mills Act Application Process

- Historical designation prerequisite
- Backlog of nominations often reaches 18 to 24 months
- Nominations reviewed in order received
- Taken to the HRB as staffing levels and program priorities allow
- Backlog has not exceeded 24 months until now
- 59 historic nominations submitted in 2008
 - 16 not taken to the HRB for action during 2010
 - Reduction in staff in February 2010

Eligibility for Mills Act

- 16 property owners not eligible to apply for an agreement this year
- Delays tax benefits until the 2013 tax year
- Nomination fees have been paid
- Staff have reviewed reports
- All are scheduled for a designation hearing in January, February or March of 2011
- Limited waiver of Council Policy needed to extend eligibility

Council Policy 700-46

- Implementation Section 1.B.:

Application Deadline: The City will recognize and accept into the Mills Act Program those properties included on the local San Diego Register of Historical Resources. The deadline for requesting a Mills Act Agreement, through formal submittal of an application shall be March 31st of each year. The property for which the agreement is requested **must have been designated a historical resource by the City of San Diego Historical Resources Board at a noticed public hearing by December 31st of the year prior to the year an agreement is requested** [excerpt from Council Policy 700-46.]

Waiver of Portion of CP 700-46

- No other provisions of the Council Policy would be waived
 - Application deadline would remain March 31st
 - 10-year work plan showing investment of tax savings
 - Payment of cost-recovery fees
 - Fiscal threshold of \$200,000 in new property tax reduction to the City's general fund
 - Inspection and monitoring by City

Staff Recommendation

City Council approve a waiver to a portion of the Council Policy to allow certain property owners who submitted nominations for historical designation in 2008 that were not acted on by the Historical Resources Board by December 31, 2010 to apply for a Mills Act agreement in 2011, if the property would otherwise qualify